



# Information About Health Care in U.S.A.

Overview of terms and concepts of Health Care which may provide a better understanding of what is mentioned by any one of the 2020 presidential Democratic candidates.

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# Health Insurance

## **What do we mean by health insurance?**

- A Health Program, either public or private, which helps pay for medical expenses.
- Terms used: “health coverage”; “health benefits”.
- Provides different levels of financial protection & scope of coverage.

# Financing Health Care

- States receive funding from the federal government for certain healthcare services.

## **Medicaid**

- Assistance to people who cannot afford health care coverage (based on income status)

## **Medicare**

- Primarily for Americans aged 65 & older, but also some younger with disability status determined by Social Security Administration; and also those with end-stage renal disease and ALS or Lou Gehrig's disease

# Medicare – started in 1966

- A national health insurance program in U.S. under the Social Security Administration (SSA) and now administered through Centers for Medicare & Medicaid Services (CMS).
- Funded by earned social security amounts, a combination of specific payroll tax, beneficiary premiums & surtaxes from beneficiaries, co-pays & deductibles, & general U.S. Treasury revenue.
- Covers about half of healthcare expenses of those enrolled; remaining costs can be covered by private insurance and/or joining Part C or D Medicare health plans.
- Some people will pay more than received, while others will receive more benefits than paid in.
- All eligible persons can receive coverage regardless of how much or if they had ever paid in.

# Medicare Prescription Drug, Improvement, & Modernization Act - 2003

- Intended to fill gaps in prescription drug coverage.
- Strengthened the Workers' compensation Medicare Set-Aside Program that is monitored & administered by CMS.
- Reduced payments to Medicare Advantage providers in order to expand coverage of children's health plan (SCHIP: State Children's Health Insurance Program).
- Reduced some cost for most people while raising contributions from the wealthiest people with Medicare.
- Expanded coverage of or eliminated co-pays for some preventive services.

# Affordable Care Act of 2010 (A.C.A. or “Obamacare”)

- Designed to cover and/or extend health care insurance to those without coverage.
- Requires everyone to have insurance or pay a penalty (Note: Penalties eliminated 2019).
- Mandates & limits an open enrollment designed to avoid the insurance death spiral, minimize the free rider problem & prevent the healthcare system from succumbing to adverse selection.
- Insurers required to accept all applicants and charge the same rates regardless of pre-existing conditions or demographic status (except age).

# A.C.A. or “Obamacare” (continued)

## **Groups not subject to the individual ACA mandate:**

- Illegal immigrants, estimated to be 8 million or roughly a third of the 23 million projection – are ineligible for insurance subsidies & Medicaid. (Only eligible for emergency services)
- Medicaid-eligible citizens not enrolled in Medicaid.
- Citizens whose insurance coverage would cost more than 8% of household income & are exempt from the penalty.
- Citizens who live in state that opt out of Medicaid expansion and who qualify for neither existing Medicaid coverage nor subsidized coverage.

# Medicare for All

Sanders' bill includes a four-year phase-in during which increasingly younger people could buy into Medicare. 55yr-olds would be able to buy into Medicare the first year; 45yr-olds the second year; & 35yr-olds in the third year. Out-of-Pocket costs would be reduced. There would be a public option insurance plan offered to people of all ages through the Obamacare marketplaces.

## Pros

- Lowers health care costs economy overall with government controls on price of meds & medical services through regulation & negotiation.
- Eliminates administrative costs of multiple private health insurers.
- Billing procedures & coverage rules standardized.
- Hospitals & doctors forced to standardize at lower costs.
- Leads to healthier population with more preventive care and less emergency room usage.

## Cons

- Government may not be able to bargain down costs the same way businesses can.
- Insulating people from costs could drive up usage of medical care.
- People may not be as careful with their health if they do not have a financial incentive.
- Government has to limit health care spending to keep costs down.
- Doctors might have less incentive to provide quality care if they aren't well paid; less funding for new life-saving technologies.
- Long wait times for elective procedures & may not cover drugs for rare conditions.



# Single Payer Systems

- Pay for all covered healthcare-related services by a single government or government-related source.
- Any national system would be paid in part through taxes replacing insurance premiums and employer-employee benefit packages.
- Savings would be realized through preventive care and the elimination of insurance company overhead and hospital billing costs.
- Medicare in the U.S. is a single-payer healthcare system but is restricted to persons over the age of 65, people under 65 with specific disabilities or anyone with end-stage renal disease.
- Several single-payer state referendums & bills from state legislatures have been proposed, but with the exception of Vermont, all have failed. In 2014, Vermont canceled its single payer health care system.

# In Summary, we've reviewed

- Meaning of health care and health insurance
- Medicaid, Medicare, Prescription Costs
- Affordable Care Act (A.C.A., "Obamacare")
- Medicare for All (Universal Health Care) & Its Pros & Cons
- Single Payer Systems

*We hope this information is helpful and provides you with a better understanding of the concepts and terms related to Health Care in the United States.*